MANITOBA GAMING CONTROL COMMISSION

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2000-2001

...an independent commission created

to regulate and control gaming activity

in the Province of Manitoba...

... ensuring that the gaming activity is

conducted honestly, with integrity and

in the public interest.

ANNUAL REPORT

...will take a reasoned and balanced

approach toward gaming activities

in our province.

Manitoba Gaming
Control Commission

MISSION STATEMENT

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The Manitoba Gaming Control Commission is an independent commission created to regulate and control gaming activity in the province of Manitoba with the aims of ensuring that the gaming industry is conducted honestly with integrity and in the public interest.

The Commission recognizes the diversity of views with respect to gaming and will take a reasoned and balanced approach toward gaming activities in our province.

The Commission will strive at all times to treat its employees, its clients and the general public with respect, fairness and service beyond question.

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102-00565/

September 18, 2001

Honourable Steve Ashton
Minister charged with the administration of
The Gaming Control Act
Room 203, Legislative Building
450 Broadway
Winnipeg, Manitoba R3C 0V8

Dear Mr. Minister:

I have the honour to submit, pursuant to section 5 of *The Gaming Control Act*, a report of proceedings under The Act for the fiscal year ended March 31, 2001.

Respectfully submitted,

Darlene Dziewit
Chair

Manitoba Gaming Control Commission

MANITOBA GAMING CONTROL COMMISSION

For the year ended March 31, 2001

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REMARKS FROM THE CHAIR

As the Chair of the Manitoba Gaming Control Commission (MGCC), I am pleased to have the opportunity to make some remarks and to preface the narrative and financial statements which comprise this report. On behalf of my Board colleagues, I wish to acknowledge our commitment to serving the people of Manitoba in an informed, balanced and fair manner. As a newly appointed Board of Commissioners (May 2000) we welcome our responsibilities of advising the Minister charged with the administration of *The Gaming Control Act* and guiding the MGCC staff and management in their operational responsibilities. Representing communities across the province, the Commissioners bring varied expertise, experience and interests to their duties. This mixture of perspectives underscores the goal of the Commission to be ever mindful of the diversity of views held by Manitobans with respect to gaming issues.

The Commissioners have embraced the need to maintain and build an awareness of a variety of views, seeking to expand their knowledge of gaming and related issues by pursuing opportunities for information sharing with experts in a variety of fields, supporting and encouraging research and knowledge development and meeting with Manitoba charitable organizations.

This year, the Commission has taken the unusual step of putting our mission statement on the cover of this report. This serves to remind ourselves and the people we serve of our responsibilities with respect to our stewardship of the honesty and integrity of gaming and doing so in the interest of the public. The narrative of this report highlights the MGCC's commitment, responsibilities and accomplishments in this regard. Responsibility travels hand-in-hand with accountability and so the financial section provides a review of our fiscal position as accountability to our stakeholders.

In envisioning a direction and setting an agenda for the key issues facing the Commission, the Board first established and outlined the terms of reference for two committees: the Charitable Gaming Committee and the Research and Education Committee.

The Charitable Gaming Committee has been charged with undertaking a comprehensive review of the terms and conditions governing the different types of charitable gaming licences issued by the MGCC. These had not been reviewed since the mid 1980s. In undertaking this review the Commission is cognizant of its role as regulator, as opposed to that of a marketing or consulting body. Nevertheless, the Commissioners felt that changes in the charitable gaming environment, one of which was the establishment of the MGCC in 1997, required that the terms and conditions be reviewed and revised to better reflect and balance the needs of charitable organizations and the best interests of the public.

The Committee is pursuing this objective, synthesizing input from other MGCC Commissioners, MGCC staff, regulatory agencies in other jurisdictions and, most importantly, the charitable organizations that we serve. The Committee is currently undertaking the first step of this comprehensive review with an examination of the *Terms and Conditions for Raffle Licences*. The Committee anticipates the public release of the new *Terms and Conditions for Raffle Licences* in late 2001. These will be accompanied by various support materials to assist licensees in meeting the new terms and conditions.

Also in the coming year, the Committee will begin to review the terms and conditions for the licensing of other charitable gaming activities including bingo and breakopen events. The Commission notes in particular a decline from the previous year in overall gross and net bingo revenue for charitable organizations. This decline follows a significant revenue increase noted in the previous year. These fluctuations emphasize the need for this review, which reflects the Commission's commitment to monitoring and reviewing various aspects of charitable gaming in support of charitable organizations' fundraising abilities.

Demonstrating the Commissioners' commitment to maintaining an awareness of a variety of information related to gaming issues, the Research and Education Committee is continuing to pursue the gathering of research and information related to various social and economic impacts of gaming in support of the Commission's policy advisory role. During the past year this included support of and participation in the *First International Symposium on Measuring the Economic and Social Impact of Gambling*. As well, the Commission supported representation on various advisory councils for other inter-agency research initiatives including the development of the Canadian Problem Gambling Index (CPGI) and on-going work with the Addictions Foundation of Manitoba (AFM). The Committee will also be pursuing a socio-economic research project related to the establishment of the proposed First Nations casinos in the province, the first of which is expected to become operational in the coming year. Many of these initiatives involve the MGCC working closely and collaboratively with other organizations on projects and issues related to responsible gambling. The MGCC supports the sharing of expertise and resources on projects of mutual interest and concern as a means to advance a more inclusive perspective of gaming, which considers a broad range of issues and impacts as factors influencing policy advice and recommendations.

In approaching our responsibilities, the Commissioners realize that many different factors require evaluation when considering gaming activities and their impact on Manitobans. This fact and recognition of the complex nature of the First Nations gaming environment in Manitoba at this time, prompted the decision that, rather than establishing a sub-committee, the Board as a whole would address issues related to the MGCC's responsibilities in this regard. The MGCC was closely involved in assisting the joint Assembly of Manitoba Chiefs (AMC) and Government of Manitoba Selection Committee whose recommendations are expected to lead to the establishment of First Nations casino operations in the province. The MGCC looks forward to continued involvement in this process to implement the transition from the recommendation of the casino proposals through to agreement negotiations and the development and operation of each of the casino projects.

In recognition of the fact that gaming is still evolving in regard to a great number of related issues, the Commissioners have chosen to maintain the option to establish new committees as they deem necessary to undertake special projects and to address key issues as they arise. The Commissioners are strongly aware of the need to keep abreast of emerging issues and will continue to work very closely with the Provincial Government and the staff and management of the MGCC in identifying primary issues related to gaming in Manitoba.

In concluding my remarks I want to underscore our commitment to increasing accessibility to information and services for our stakeholders and the public. In the coming year, new and enhanced service and information offerings, particularly web-based resources, will manifest themselves in improved and expanded client resources and support.

The Commissioners are confident of the course and path we have set in our first year as a Board. We are keenly aware of our responsibilities and look forward to the challenges of striving to meet them. This will require our interest, empathy, wisdom, fairness and above all our commitment to serving the best interests of the people of Manitoba.

Darlene Dziewit

Chair

REMARKS FROM THE EXECUTIVE DIRECTOR

By virtue of its legislative mandate, the Manitoba Gaming Control Commission (MGCC) is clearly a regulatory body. In accomplishing our mandate we work to ensure that gaming activities are conducted with honesty integrity and in the public interest. Historically, the concept of regulation has been limited to legislative and regulatory controls. However, during the past three and a half years the Commission has begun to develop, support and implement initiatives which go beyond the basic delivery of our regulatory functions. To accomplish this, the staff and management have examined and evaluated our core processes, organizational structure, client service and information sharing. These activities were initiated as part of a business process re-engineering project in the 1998-1999 fiscal year and have consistently been built upon in successive years.

One of the most involved projects in this regard has been the development of a new integrated information system. Highly anticipated features of the new system will include support for improved effectiveness and improved information sharing to enhance our regulatory roles; and superior client service reflected in expanded service options, better access to resources and information and increased efficiency resulting in higher service levels and faster response times. In December 2000, the MGCC issued a Request for Proposals (RFP) to solicit proposals from qualified systems developers. The MGCC expects to select a proposal that best meets the MGCC's client service and information sharing requirements early in the next fiscal year. Implementation of the new system will take place later in the year. We expect that our stakeholders will begin to notice positive changes by the middle of 2001-2002.

There is no doubt that the support and dedication of the Board of Commissioners has strengthened the MGCC's commitment to improved client service and information sharing. Projects initiated by the Commissioners often drive improvements in the MGCC's operational roles. For instance, the MGCC staff worked closely with the Charitable Gaming Committee this past year in beginning its review of the licensing terms and conditions which govern charitable gaming activities. This process served to bring together a vast array of information and viewpoints, allowing the MGCC to better understand the perspectives of the charitable organizations we serve. As noted by Ms. Dziewit in her remarks, this review will continue in the coming year with the public release of the new *Terms and Conditions for Raffle Licences* and an examination of the terms and conditions for bingo and breakopen events. This initiative reflects

"THE MGCC HAS ALWAYS MAINTAINED A STRONG COMMITMENT TO INTER-JURISDICTIONAL AND INTER-AGENCY COOPERATION, WHICH THIS PAST YEAR SERVED TO PROVIDE BENCHMARKS FOR ON-GOING REGULATORY AND POLICY EVALUATIONS."

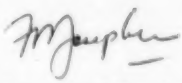
the Commission's commitment to continued evaluation of our roles and processes in seeking to consistently improve service to our stakeholders.

The MGCC has always maintained a strong commitment to inter-jurisdictional and inter-agency cooperation, which this past year served to provide benchmarks for on-going regulatory and policy evaluations. In the past year we contributed significantly to organizations and events such as the Canadian Gaming Regulators Association (CAGRA), the North American Gaming Regulators Association (NAGRA) and the first inter-provincial Gaming Ministers' Conference held here in Winnipeg. The exchange of information, ideas and perspectives supports and assists other jurisdictions while strengthening and improving the MGCC's own roles as regulator and policy advisor.

The MGCC also continues to make important contributions to the First Nations Casino Project. A representative from the Commission was seconded to the Selection Committee and was then appointed by the Province to the Implementation Committee. This approach by the Province ensured consistency in terms of the MGCC's role and responsibilities regarding this project. As this project makes the transition from the proposals recommended by the Selection Committee in June 2000, to the development and operation of the proposed casinos, the MGCC will fulfill an on-going role in several capacities: administrative, policy advisory and regulatory. A strong regulatory framework has been outlined for the First Nations Casino Project, and in keeping with this the MGCC is expanding its operational responsibilities as regulator. We also look forward to participating in the negotiation process to establish the *Comprehensive Provincial Framework Agreement*, which will be the definitive agreement establishing the terms under which the casinos will operate.

The coming year offers further opportunities to evaluate and improve upon the ways we meet the responsibilities inherent in our mandate. The staff and management look forward to positive changes which will reveal themselves in enhanced services for our stakeholders and a better means of meeting our responsibilities as regulator.

F.J.O. (Rick) Josephson



Executive Director

OVERVIEW

MEETING OUR MANDATE

***The Gaming Control Act* confers upon the Manitoba Gaming Control Commission (MGCC) the responsibility of ensuring that gaming activities in the province of Manitoba are conducted honestly, with integrity and in the public interest. In meeting these important responsibilities the MGCC strives at all times to acknowledge the diversity of views and perspectives related to gaming issues while remaining committed to serving its many stakeholders with respect, fairness and the highest levels of customer service.**

MGCC stakeholders include a wide variety of groups and individuals representing a variety of needs and viewpoints. This spectrum includes charitable organizations that operate gaming events, participants in gaming activities, other public sector organizations such as the Addictions Foundation of Manitoba (AFM) and the Manitoba Lotteries Corporation (MLC), gaming industry employees and suppliers, private businesses such as hotels and restaurants, the Provincial Government and ultimately the citizens of Manitoba. In serving the needs of so many different stakeholders the MGCC is required to maintain a balance of divergent interests and views.

The central objectives of honesty, integrity and the public interest govern all the roles that the MGCC performs. Gaming participants, the government and the people of Manitoba can be assured of the fairness and honesty of the gaming activities offered for play in this province. And, in cooperation with other agencies, the MGCC encourages responsible choices with regard to gaming activities whether as an individual, charitable organization or business. Furthermore, the MGCC continues to pursue research and policy initiatives related to a range of social and economic impacts in support of a comprehensive approach to responsible gambling policies and practices.

The Commission is led by a Board of Commissioners, which reports to the Minister charged with the administration of *The Gaming Control Act*. This Board, whose perspectives represent diverse experiences and communities, serves the MGCC's stakeholders by filling both regulatory and policy advisory roles. The MGCC staff and management, led by the Executive Director who reports directly to the Board, support the responsibilities and roles of the Board of Commissioners as their key internal client while serving the needs and interests of the MGCC's stakeholders in carrying out the MGCC's operational roles. The sharing of information and resources to cooperatively serve the range of external clients also reveals the scope of cooperative support within each of the MGCC's operating departments.

POLICY ADVICE AND RESEARCH

"IT IS VITAL THAT INFORMATION OR RESEARCH GATHERED TO SUPPORT POLICY DECISIONS REPRESENTS A COMPREHENSIVE VARIETY OF PERSPECTIVES"

The primary aims of the MGCC's mission are carefully balanced in both the gathering of information and in the formulation of policy advice. It is vital that information or research gathered to support policy decisions represents a comprehensive variety of perspectives so that policy decisions are informed and mindful of the interests of all key stakeholders.

The conduct of research and the gathering of information to support gaming policy decisions furthers the MGCC's public interest mandate. The Board of Commissioners provides policy advice on gaming-related issues to the Minister charged with the administration of *The Gaming Control Act* and policy direction to MGCC staff related to regulatory functions. Each of these responsibilities is supported by research initiated by the Board through the Research and Education Committee, and carried out by the Commission's Research and Communications Department. This often requires the input, experience and expertise of other MGCC departments in addition to close cooperation with other agencies and jurisdictions.

The MGCC undertakes joint or independent research projects related to gaming and its impacts, frequently collaborating with the AFM and other local and inter-jurisdictional stakeholders on projects and issues of mutual interest and concern. The MGCC was represented on an AFM advisory committee this past year overseeing the conduct of a province-wide seniors problem gambling prevalence study. This study, conducted in April 2000, is the first of its kind in North America and is the first step in raising comprehension of the nature and extent of gambling amongst Manitobans sixty years of age and over.

An ongoing initiative, the Canadian Problem Gambling Index (CPGI) National Advisory Council, involving the AFM, the MGCC and partners from several other provinces, developed and released a new research instrument for measuring problem gambling prevalence suitable for general populations and more reflective of different groups within society. It is expected that Manitoba will use the CPGI in the coming year as part of its ongoing commitment to research and developing knowledge of gambling and its impacts.

Also this past year, the MGCC was closely involved in an international initiative to develop research guidelines for the measurement of the impacts of gambling. The primary goal of the *First International Symposium on the Economic and Social Impact of Gambling* was to develop draft guidelines for estimating the social and economic impacts, costs and benefits of gambling. The ultimate aim of this initiative is to develop an analytical framework and guidelines to allow all perspectives on gambling impacts to be brought forth and assessed, reconciling differences on values and opinions related to this complex social and economic issue. This is an ongoing project of the MGCC in partnership with provincial, national and international organizations. Participation in this type of initiative underscores the MGCC's role in encouraging an inclusive viewpoint in considering the range of impacts related to gambling. It is hoped that future research based on these guidelines will help to inform policies and public knowledge about gambling.

INTEGRITY OF GAMING

"THE MGCC'S RESPONSIBILITIES INCLUDE NOT ONLY ENSURING A FAIR AND HONEST GAMING ENVIRONMENT BUT ALSO PROMOTING THE AWARENESS OF INTEGRITY AND FAIRNESS AMONG GAMING PATRONS AND THE PUBLIC."

The MGCC fills both policy advisory and regulatory roles. In its capacity as a regulatory body the MGCC is responsible for ensuring the fairness, honesty and integrity of gaming activity in Manitoba. This demands the vigilance and teamwork of MGCC staff as well as the support of the Commissioners. The MGCC's responsibilities include not only ensuring a fair and honest gaming environment but also promoting the awareness of integrity and fairness among gaming patrons and the public. Ensuring game integrity is a far reaching element of the MGCC's operational responsibilities that encompasses many types of gaming activities from lottery ticket terminals, to electronic and table games operated by the MLC, to First Nations gaming and to licensed charitable events.

The Commission serves its broadest range of clients in fulfilling this particular responsibility, including the MLC, its employees and suppliers, VLT siteholders, charitable organizations, Manitoba First Nations and all participants in gaming activities in this province. MGCC registration requirements, which includes background investigations, and game and site inspections ensure the integrity of gaming in Manitoba at multiple levels: gaming industry employees, suppliers and all electronic gaming devices. Proactive inspections of casino games, VLT sites and charitable gaming events and compliance and complaint investigations promote adherence to all gaming related legislation and regulations and ensure that all MGCC licensing and registration requirements are met and maintained.

Beyond the regulation of individuals and organizations, the MGCC also ensures the "technical integrity" of gaming activities ranging from bingos to VLTs. Briefly, technical integrity testing and scrutiny examines game designs and concepts and ensures that prize structures conform to prescribed standards. This assures participants in gaming activities that the games they play are fair, honest, secure and able to be reviewed and audited by an independent regulatory body. In meeting these responsibilities, MGCC staff work cooperatively with stakeholders to share information and provide the assistance necessary to attain the highest standards of game integrity.

The MGCC Commissioners fulfill a key role in supporting the operational functions of the MGCC related to game integrity. The Commissioners conduct hearings on MLC supplier and employee registration; technical integrity approval or licensing by the Commission; or regulatory breaches or disputes brought forward by MLC patrons or suppliers. The hearings may be initiated by third parties or by the MGCC in accordance with the provisions set out in *The Gaming Control Act*. These hearings are open to the public, ensuring a fair and transparent process.

EGISTRATION OVERVIEW

AS OF THE END OF 2000-2001 FISCAL YEAR	March 31, 2001
MLC New Employees Registered in Fiscal Period	402
MLC Employees - Renewals/Annual Updates in Fiscal Period	1894
MLC Current Gaming Suppliers*	38
MLC Current Non-Gaming Suppliers*	112
VLT Siteholder Agreements Currently Registered	800
Electronic Gaming Devices Registered (eg.VLTs and slot machines)	7883
Lottery Ticket Terminals Registered	846

*All gaming and non-gaming suppliers providing goods or services in excess of established dollar amounts

FIRST NATIONS GAMING

Transparency is a fundamental element necessary to achieving the integrity and public interest facets of the MGCC's mandate. The First Nations gaming environment in Manitoba is a unique framework that balances transparency, accountability and the aims of self-government. Manitoba's distinctive First Nations gaming environment allows for specified types of gaming activities operated on-reserve to be regulated by the First Nations themselves and recently, opportunities for the development of casino gaming activities. Within this context, the MGCC's responsibilities serve the interests of charitable organizations, the people and their communities, gaming activity patrons and the province as a whole.

In meeting its overall mission and its responsibilities in this regard, the MGCC works closely with Manitoba First Nations to support fundraising for charitable purposes and community improvements; to assist in meeting the requirements of MGCC licences, First Nations Gaming Commission Agreements and VLT Siteholder Agreements; and to support compliance with Manitoba's legislative and regulatory framework.

First Nations gaming in Manitoba is currently comprised of charitable gaming activities and the operation of VLTs. On-reserve charitable gaming includes bingo, breakopen ticket events and raffles. First Nations may establish a First Nations Gaming Commission or seek MGCC licensing to regulate charitable gaming activities taking place on-reserve. The MGCC, on behalf of the Province, negotiates the terms of these gaming agreements with those First Nations wishing to establish on-reserve gaming commissions. The terms and conditions of licences issued by a First Nations Gaming Commission must be the same as those licensed by the MGCC. The MGCC also facilitates the negotiation and implementation of First Nations VLT Siteholder Agreements with the MLC.

REGISTRATION OVERVIEW

AS OF THE END OF 2000-2001 FISCAL YEAR	March 31, 2001
MLC New Employees Registered in Fiscal Period	402
MLC Employees - Renewals/Annual Updates in Fiscal Period	1694
MLC Current Gaming Suppliers*	35
MLC Current Non-Gaming Suppliers*	112
VLT Siteholder Agreements Currently Registered	590
Electronic Gaming Devices Registered (eg.VLTs and slot machines)	7553
Lottery Ticket Terminals Registered	846

*All gaming and non-gaming suppliers providing goods or services in excess of established dollar amounts

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FIRST NATIONS GAMING OVERVIEW

AS OF THE END OF 2000-2001 FISCAL YEAR **March 31, 2001**

There are 62 First Nations in Manitoba

There are 34 First Nations Gaming Commissions representing 35 First Nations

During the 2000-2001 fiscal period the MGCC issued 46 charitable gaming licences to 34 organizations for on-reserve gaming activities

There are 25 First Nations with VLT Siteholder Agreements

"THE COMMITTEE EMPHASIZED THE IMPORTANCE OF A REGULATORY FRAMEWORK AND THE ROLE OF THE MGCC IN REGISTERING PROPOSED CASINO OPERATORS, AND APPROVING THEIR PARTICIPANTS, EMPLOYEES AND SUPPLIERS."

On May 31, 2000, the First Nations Casino Project Selection Committee submitted its recommendations to the Government for five recommended First Nations casino proposals. In its report the Committee emphasized the importance of a regulatory framework and the role of the MGCC in registering proposed casino operators, and approving their participants, employees and suppliers. A representative from the MGCC was appointed by the Province to the First Nations Casino Project Implementation Committee in order to ensure adherence to the regulatory framework envisioned in the 1997 First Nations Gaming Policy Review Report, and outlined in the January 2000 First Nations Casino Project Request for Proposals.

Accordingly, the MGCC has begun conducting compliance investigations for all First Nations proposal consortium members by examining current gaming activities and compliance with existing gaming related legislative and regulatory requirements. Beyond this, the MGCC's existing mandate to approve MLC employees and suppliers will be extended to include similar responsibilities for the new casinos. This will ensure the same standards of integrity for the new casinos' partners, participants, employees and suppliers as now applies to MLC employees and suppliers. The MGCC's role in the First Nations Casino Project is likely to increase as the negotiation of agreements commences this coming year, and will be on-going as the casinos are developed, staffed and become operational.

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LICENSED GAMING ACTIVITIES

For many Manitobans, their concept and perceptions of the MGCC are most closely linked to charitable gaming activities. Many charitable organizations in Manitoba raise funds by operating specific kinds of gaming activities. In its role of overseeing the operation of charitable gaming activities, the MGCC serves Manitoba's charities, their staff and volunteers, the individuals who participate in gaming activities hosted by these organizations and ultimately, the Manitobans who benefit from the myriad of community projects and services supported by charitable gaming revenue. The involvement of the MGCC assures participants in these charitable gaming activities, other members and supporters of these organizations and the public that these events are conducted fairly and honestly and that revenue is directed for community benefit.

To establish a solid foundation which balances the needs of charitable organizations with the interests of the public, the MGCC sets out licence terms and conditions by which each event must operate, then provides related information, education and training. The terms and conditions set out requirements that guide the operation of charitable gaming events such as: the types of organizations that qualify for a charitable gaming licence; the maximum allowable level of expenses; the terms of disclosure regarding prizes and winners and financial reporting requirements. Adherence to the terms and conditions for each charitable gaming licence serves the public interest by ensuring that the greatest amount of funds raised through charitable gaming events goes towards charitable purposes while at the same time delivering a high level of transparency and accountability.

The Board of Commissioners, through the Charitable Gaming Committee, plays an important role in providing policy direction to the MGCC in serving charitable gaming stakeholders. This past year the Commissioners initiated a review of the terms and conditions governing all MGCC charitable gaming licences. This Committee is overseeing this comprehensive review with support from MGCC staff in all operational areas. As the first step, the Committee is undertaking a review of the *Terms and Conditions for Raffle Licences*. This review is taking into account recommendations from staff, an examination of policies and practices in other jurisdictions and, a key component of this review, input from charitable organizations.

Mindful of the goal that new terms and conditions must balance the needs of licensees and the best interest of the public, the Commissioners sought comments and feedback regarding the existing *Terms and Conditions for Raffle Licences* from past and current raffle licensees. This gave Commissioners and staff new insights into the successes and obstacles faced by organizations attempting to raise funds by conducting raffles. The Committee will continue into the next fiscal year with the analysis and consideration of recently gathered stakeholder input, culminating in the release of the new *Terms and Conditions for Raffle Licences*. It is expected that the release of these new terms and conditions will lead to an improved regulatory structure. Following the release of the new *Terms and Conditions for Raffle Licences*, the Committee anticipates the initiation of the reviews of the terms and conditions for other charitable gaming activities, including bingo and breakopen ticket events.

RESULTS OF CHARITABLE GAMING 2000-2001

The MGCC licenses charitable organizations to operate bingo, breakopen ticket, raffle, wheel of fortune, Calcutta auction, Monte Carlo, sports draft and midway activities taking place in the province, with the exception of municipal charitable gaming licences for raffles with prizes under $3,000 and First Nations Gaming Commission licensed events.

As is reflected in the following chart, the MGCC licensed five percent (63) fewer charitable gaming events in 2000-2001 with a decrease of $4.1 million in both overall gross revenues, representing a four percent decline, and in overall net profits, with a 22% decline.

BINGO

There were three percent (15) fewer bingo events licensed in the 2000-2001 fiscal year than the previous year with a corresponding three percent ($2.6 million) decrease in gross revenues from these events. While expenses decreased by three percent ($0.3 million), overall bingo prizes paid out increased by two percent ($1.1 million) resulting in a decrease in the net profits to all charitable bingo events of 30% ($3.4 million). While a significant portion of this decrease in net profits is reflected in the $2.6 million decline in overall gross revenues it is also due in part to the increase in prize payouts as a percentage of gross revenue from 74% to 78%.

BREAKOPEN TICKETS

The number of breakopen events declined in 2000-2001 by six percent (26). While gross revenues declined by eight percent ($1.0 million), prizes paid and expenses also decreased by eight percent ($0.7 million) and 15% ($0.2 million) respectively, to result in a four percent ($0.1 million) decrease in net profits.

RAFFLES

Raffle events licensed by the MGCC decreased by ten percent (15) decreasing overall gross revenues by four percent

CHARITABLE GAMING ($ millions) **FISCAL YEAR 2000-2001**

Event Type	Licensed Events		Gross Revenue		Prizes Paid		Total Expenses		Net Profit	
	00/01	99/00	00/01	99/00	00/01	99/00	00/01	99/00	00/01	99/00
Bingo	520	535	$ 78.4	$ 81.0	$ 61.4	$ 60.3	$ 9.2	$ 9.5	$ 7.8	$ 11.2
Breakopen	435	461	$ 11.6	$ 12.6	$ 8.1	$ 8.8	$ 1.1	$ 1.3	$ 2.4	$ 2.5
Raffle	142	157	$ 11.4	$ 11.9	$ 4.7	$ 4.7	$ 2.2	$ 2.2	$ 4.5	$ 5.0
Other	28	35	$ 0.2	$ 0.2	$ 0.2	$ 0.1	$ 0.0	$ 0.0	$ --	$ 0.1
Totals:	**1125**	**1188**	**$101.6**	**$105.7**	**$ 74.4**	**$ 73.9**	**$ 12.5**	**$ 13.0**	**$ 14.7**	**$ 18.8**

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As is reflected in the following chart, the MGCC licensed five percent (63) fewer charitable gaming events in 2000-2001 with a decrease of $4.1 million in both overall gross revenues, representing a four percent decline, and in overall net profits, with a 22% decline.

BINGO

There were three percent (15) fewer bingo events licensed in the 2000-2001 fiscal year than the previous year with a corresponding three percent ($2.6 million) decrease in gross revenues from these events. While expenses decreased by three percent ($0.3 million), overall bingo prizes paid out increased by two percent ($1.1 million) resulting in a decrease in the net profits to all charitable bingo events of 30% ($3.4 million). While a significant portion of this decrease in net profits is reflected in the $2.6 million decline in overall gross revenues it is also due in part to the increase in prize payouts as a percentage of gross revenue from 74% to 78%.

BREAKOPEN TICKETS

The number of breakopen events declined in 2000-2001 by six percent (26). While gross revenues declined by eight percent ($1.0 million), prizes paid and expenses also decreased by eight percent ($0.7 million) and 15% ($0.2 million) respectively, to result in a four percent ($0.1 million) decrease in net profits.

RAFFLES

Raffle events licensed by the MGCC decreased by ten percent (15) decreasing overall gross revenues by four percent

CHARITABLE GAMING ($ millions) **FISCAL YEAR 2000-2001**

Event Type	Licensed Events		Gross Revenue		Prizes Paid		Total Expenses		Net Profit	
	00/01	99/00	00/01	99/00	00/01	99/00	00/01	99/00	00/01	99/00
Bingo	520	535	$ 78.4	$ 81.0	$ 61.4	$ 60.3	$ 9.2	$ 9.5	$ 7.8	$ 11.2
Breakopen	435	461	$ 11.6	$ 12.6	$ 8.1	$ 8.8	$ 1.1	$ 1.3	$ 2.4	$ 2.5
Raffle	142	157	$ 11.4	$ 11.9	$ 4.7	$ 4.7	$ 2.2	$ 2.2	$ 4.5	$ 5.0
Other	28	35	$ 0.2	$ 0.2	$ 0.2	$ 0.1	$ 0.0	$ 0.0	$ –	$ 0.1
Totals	1125	1188	$101.6	$106.7	$ 74.4	$ 73.9	$ 12.5	$ 13.0	$ 14.7	$ 18.8

($0.5 million). As prizes paid and expenses remained constant, this translated into the same dollar amount decline of $0.5 million in net profits, which represented a decrease of ten percent over the previous year.

OTHER TYPES OF CHARITABLE GAMING ACTIVITIES

Other events licensed this past year included five wheel of fortune events, nineteen Calcutta auctions, one Monte Carlo and three midway activities. This reflects a decrease of 20% (7) less of these types of events licensed than in the previous fiscal year. However, gross revenues, expenses and resulting net proceeds from these events showed very little change.

Decreases in the net profits accruing to charitable organizations from gaming activities over the past fiscal year may seem to cause concern. However, it is important to realize that over the past five fiscal years the net profits in all charitable gaming categories have decreased in some years, remained the same in other years and increased in still others. There are no definitive trends presenting themselves in the charitable gaming numbers over the past five fiscal periods. The MGCC will continue to monitor revenue figures as part of its public interest mandate.

Frequent re-examination of the roles and means with which the MGCC fulfills its mission and central objectives, strengthens the Commission's commitment to meeting the full range of responsibilities inherent in its mandate. The approach and outlook of the MGCC continues to evolve as MGCC Commissioners, staff and management strive to serve the interests of a wide range of diverse stakeholders in fulfilling their varied yet inter-related roles. Ultimately, each of these roles contributes to the honesty and integrity of gaming activities in this province, always seeking the best interest of the people of Manitoba.

FINANCIAL STATEMENTS

For the year ended March 31, 2001

MANITOBA GAMING CONTROL COMMISSION
Financial Statements

For the year ended March 31, 2001

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AUDITORS' REPORT

TO THE MEMBERS OF MANITOBA GAMING CONTROL COMMISSION

We have audited the balance sheet of MANITOBA GAMING CONTROL COMMISSION as at March 31, 2001 and the statements of operations and surplus and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

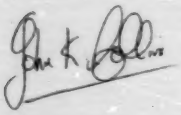
BDO Dunwoody LLP

BDO Dunwoody LLP
Chartered Accountants

Winnipeg, Manitoba
May 30, 2001

March 31	2001	2000
ASSETS		
Current Assets		
Cash	$ 130,574	$ 210,911
Short-term investments	2,540,955	2,167,588
Accounts receivable	147,303	170,900
	2,818,832	2,549,399
Capital assets (Note 1)	403,903	464,160
	$ 3,222,735	$ 3,013,559
LIABILITIES AND SURPLUS		
Current Liabilities		
Accounts payable and accrued liabilities	$ 423,755	$ 447,258
Deferred revenue (Note 2)	1,162,735	1,176,585
	1,586,490	1,623,843
Deferred lease inducements (Note 3)	69,125	79,625
	1,655,615	1,703,468
Surplus	1,567,120	1,310,091
	$ 3,222,735	$ 3,013,559

On behalf of the Board:



John K. Collins
Vice-Chair

For the Year ended March 31	2001	2000
Revenue		
Registration fees	**$ 2,157,800**	$ 2,119,313
License fees	**1,344,186**	1,396,958
	3,501,986	3,516,271
Expenses		
Salaries and benefits	**2,340,916**	2,160,195
Other expenses (Note 4)	**411,195**	141,714
Rent	**139,696**	127,356
Transportation	**120,711**	134,123
Amortization	**94,776**	113,533
Legal and professional fees	**78,642**	105,742
Communications	**77,568**	82,424
Supplies and services	**70,373**	77,497
Commission Board	**42,945**	37,678
Accommodations	**31,102**	42,625
	3,407,924	3,022,887
Income before other items	**94,062**	493,384
Other items		
Other income	**62,900**	14,641
Interest income	**100,067**	63,060
	162,967	77,701
Excess of revenue for the year	**257,029**	571,085
Surplus, beginning of year	**1,310,091**	739,006
Surplus, end of year	**$ 1,567,120**	$ 1,310,091

For the Year ended March 31	2001	2000
Cash Flows from Operating Activities		
Excess of revenue for the year	**$ 257,029**	$ 571,085
Items not involving cash		
Amortization of capital assets	**96,977**	116,242
	354,006	687,327
Changes in non-cash working capital balances		
Accounts receivable	**23,597**	5,975
Accounts payable and accrued liabilities	**(23,503)**	(58,241)
Deferred revenue	**(13,850)**	95,160
	340,250	730,221
Cash Flows from Investing Activities		
Purchase of capital assets	**(36,720)**	(152,229)
Cash Flows from Financing Activities		
Deferred lease inducements	**(10,500)**	(10,500)
Increase in cash and cash equivalents during the year	**293,030**	567,492
Cash and cash equivalents, beginning of year	**2,378,499**	1,811,007
Cash and cash equivalents, end of year	**$ 2,671,529**	$ 2,378,499
Represented by		
Cash	**$ 130,574**	$ 210,911
Short-term investments	**2,540,955**	2,167,588
	$ 2,671,529	$ 2,378,499

March 31, 2001

NATURE OF BUSINESS

The Manitoba Gaming Control Commission was established by The Gaming Control Act. The organization's objectives are to regulate and control gaming activity in the province with the aims of ensuring that gaming activity is conducted honestly, with integrity and in the public interest. The organization began its operations on October 20, 1997.

FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash, short-term investments, accounts receivable, and accounts payable. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments.

CAPITAL ASSETS

Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Equipment	20% declining balance basis
Furniture and fixtures	10% declining balance basis
Computer equipment	30% declining balance basis

REVENUE RECOGNITION

Revenue and expenses are recorded on an accrual basis except for license fee revenue, which is recognized on a cash receipt basis.

March 31, 2001

1. CAPITAL ASSETS

	Cost	Accumulated Amortization	2001 Net Book Value	2000 Net Book Value
Equipment	$ 55,539	$ 24,618	$ 30,921	$ 37,681
Furniture and fixtures	295,673	85,261	210,412	232,284
Computer equipment	342,950	180,380	162,570	194,195
	$ 694,162	$ 290,259	$ 403,903	$ 464,160

2. DEFERRED REVENUE

Deferred revenue consists of registration fees received to be recognized as revenue in the year in which the related expenses are incurred.

3. DEFERRED LEASE INDUCEMENTS

The organization has received lease inducements in the form of a rent-free period of approximately ten months. The benefits arising from these lease inducements are amortized over the term of the lease on a straight-line basis as reductions of rental expense. Rental expense has been reduced by $10,500 for the period ending March 31, 2001 ($10,500 in 2000) and an annual reduction in rental expense of approximately $10,500 is expected for the years 2002 through 2007

4. OTHER EXPENSES

Other expenses include the First Nations Implementation Team expenses of $251,911.

5. COMMITMENTS

The organization has an operating lease for its premises at $12,094 per month, under a lease expiring in 2007.

The minimum annual lease payments for the next five years are as follows:

2002	$ 145,125
2003	145,125
2004	145,125
2005	145,125
2006	145,125

6. ECONOMIC DEPENDENCE

A substantial portion of the organization's total revenue is derived from Manitoba Lotteries Corporation in the form of registration fees.

7. PENSION PLANS

Current service contributions are recognized as operating expenses. The organization participates on a fully funded basis and its contributions of $52,634 ($57,229 in 2000) represent the total contributions for the year.

BOARD OF COMMISSIONERS

Manitoba Gaming
Control Commission

MANITOBA GAMING CONTROL COMMISSION

2006/2007

ANNUAL REPORT

Manitoba Gaming
Control Commission